**NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)**
**FINANCE SUBCOMMITTEE**

**August 28, 2015**
**9:00 a.m. - 11:00 a.m.**

**Executive Conference Room**
**1327 N. Riverside Drive**
**Espanola, NM 87532**

# AGENDA

**CALL TO ORDER: Anthony Mortillaro, Executive Director**

**Roll Call:**

**ITEMS FOR DISCUSSION/RECOMMENDATION**

**A.** **Fiscal Year 2015 Audit Entrance Conference with Hinkle and Landers**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
*Attachment.*

**B.** **Selection of Finance Subcommittee Chair**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director.

**C.** **Discussion and Review of the NCRTD Quarterly Investment Report**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
*Attachment.*

**D.** **Discussion and Review of the Revised Inventory/Capital Asset Policy**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
*Attachment.*

**E.** **Discussion and Review of the Proposed Changes to the Procurement Card Policy**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
*Attachment.*

**F.** **Discussion and Review of a Budget Amendment to Increase/Adjust the FY2016 Budget from the 5311 Federal Funding for Taos, Cash Reserves and State Capital Outlay Funds**
*Sponsor:* Anthony Mortillaro, NCRTD Executive Director and Troy Bingham, Finance Director.
*Attachment.*

**G.** **Minutes from July 24, 2015**
*Draft Minutes.*

**MATTERS FROM THE SUBCOMMITTEE**

**ADJOURN**

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

# AUDIT ENTRANCE CONFERENCE

## AUGUST 28, 2015

*Farley Vener, CPA,CFE, CGMA*

# SERVING YOU

**Hinkle + Landers**

- Farley Vener, Engagement Partner
- Katelyn Constantin, Audit Manager
- Ty DeAguero, Staff Auditor

# OBJECTIVES

- To provide an overview of your FY15 Audit process
- To establish two-way communication with those charged with governance
- The auditor's/management's responsibilities under generally accepted auditing standards
- Overview of the planned scope and timing of the audit
- Discuss changes and answer questions

# H+L Responsibilities in a Financial Audit

- The auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

# H+L Responsibilities in a Financial Audit

- The audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

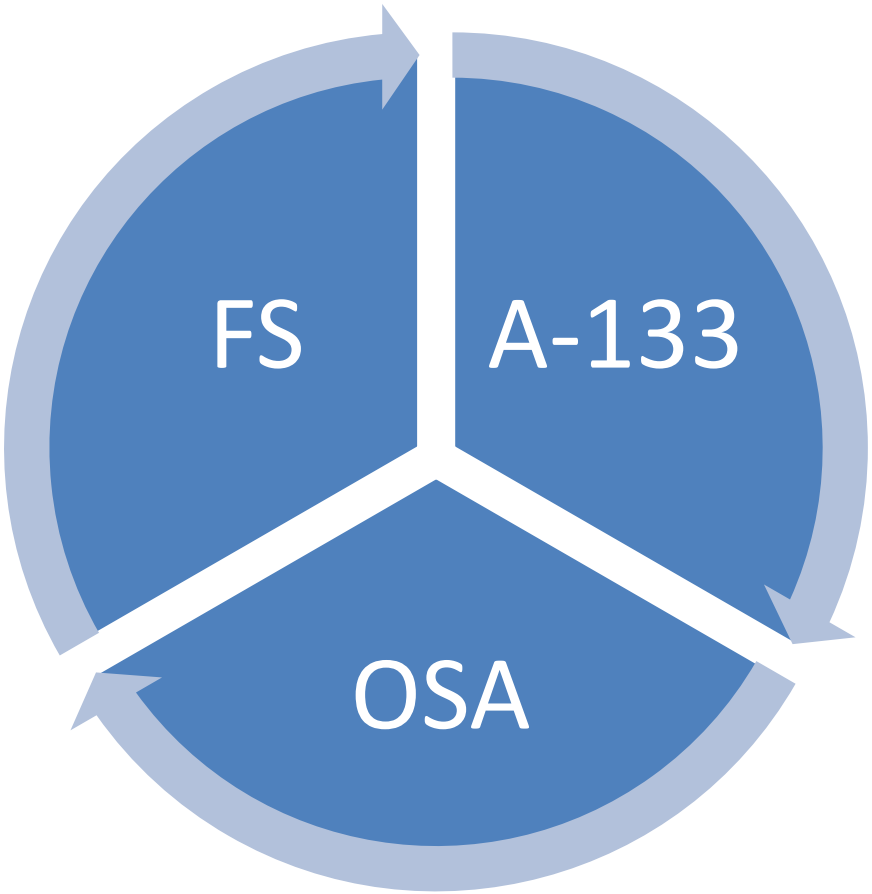
# MANAGEMENT'S RESPONSIBILITIES

- Management is responsible for the financial statements, including designing, implementing, and maintaining effective internal control over financial reporting.
  - Schedule of Expenditures of Federal Awards (SEFA)
  - Oversee financial statement assistance (non-audit services)
    - Designate individual(s) with skill to evaluate the adequacy and results of the services and accept responsibility for them

# MANAGEMENT'S RESPONSIBILITIES

- Evaluate and monitor, meeting goals and objectives, laws and regulations
- Implement systems designed to ensure compliance with laws, regulations, contracts, and grant agreements
- Make all financial records and related info available to us
- Unrestricted access to persons within the organization
- Identify significant vendor relationships
- Management representation letter
- Inform us about all known or suspected fraud, including allegations
- Taking timely and appropriate steps to remedy any fraud, noncompliance, or abuse
- Create and follow through on corrective action plans on findings
- Preparation of Supplementary Information

# COMPONENTS OF NM AUDITS



# COMPLIANCE

- Procurement Code
- Per Diem and Mileage Act
- Personnel Act and State Personnel Administration
- Public Money
- Investment of Public Money
- Public Employees Retirement Act (PERA)

# COMPLIANCE Cont.

- Sale of Public Property
- Anti-Donation Clause
- State Budgets
- Lease Purchase Agreements
- Retiree Health Care Authority Act (RHCA)
- Government Conduct Act

# NEW STANDARDS / REGULATIONS

- GASB 68
- Report due dates have changed
- Schedule of Vendor Information 2.2.2.10(A)(2)(g) – agency must provide schedule of Vendors of purchases exceeding $60,000
- 2.2.2.10(C) Reverting or Non-Reverting Funds – minimum balance required to be disclosed
- 2.2.2.10(G) State Compliance Audit Requirements – Clients must provide the State Purchasing Agent with the name of agency's chief procurement officer
- 2.2.2.10(I)(3)(c)(i) Audit Finding Requirements – agency must include a timeline and designation of what employee position(s) are responsible for meeting the deadlines in the timeline
- 2.2.2.10(M)(3)(g) Public Monies – closer review of cash reconciliation procedures

# OTHER ITEMS

- Significant accounting issues or unusual transactions?
- Changes to accounting methods?
- Fraud reported to management?
- Related party transactions?
- Significant legal matters and/or contingencies?
- New debt issues?
- Significant or unusual capital expenditures?
- Any other items of significance we should be aware of?
- Any non-cash transactions such as donation of vehicles?

# QUESTIONS ?

# Memorandum

**To:** Finance Committee
**From:** Troy Bingham, Finance Director
**Thru:** Anthony J. Mortillaro, Executive Director
**Date:** August 19, 2015
**Re:** **Investment of District Funds and the State of New Mexico Local Government Investment Pool Report Summary as of June 30, 2015.**

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## Background:

Early in 2014 the NCRTD began participating in the LGIP government investment fund, known as the New MexiGROW Local Government Investment Pool or LGIP, and other Certificate of Deposits from local and surrounding banks in New Mexico. The NCRTD established the short-term investments (no more than 12 months) throughout various FDIC insured institutions in the state of New Mexico. The initial amount invested was $5,975,492.

Summary:

- As of June 30, 2015, the total investment inclusive of interest revenue was $5,998,821.
- Total earnings from interest total $23,329 since the inception of the investment program.
- The average rate of return is .31%.
- The highest earned income is .45% with US Eagle FCU (6 month term) earning the district a total of $1,844 in interest.
- The current quarter from April through June of 2015 earned a total of $4,677 in interest.
- NCRTD renewed 9 of its Certificate of Deposits with Los Alamos National Bank and extended the agreements to 12 months. The initial agreements ranged from 3 to 9 months.

| | Amount Invested YTD | Earnings | % of portfolio |
|---|---|---|---|
| LGIP | 1,904,280.79 | 2,987.79 | 32% |
| 3-5 month CD | 250,620.55 | 620.55 | 4% |
| 6-8 month CD | 503,259.39 | 3,259.39 | 8% |
| 9-11 month CD | 0 | 0 | 0% |
| 12 month CD | 3,340,660.58 | 16,461.58 | 56% |
| **Total** | **$ 5,998,821.31** | **23,329.31** | |

The District investment strategy is passive. Given this strategy, NCRTD has determined the market yields are being achieved by comparing the average District portfolio yield to the one-year U.S. Treasury Bill. As of June 30, 2015 the one-year treasury rates were .28%, the District is averaging a rate of return at .31%.

**Recommendation:**

It is recommended that the Finance Committee discuss and review the information presented in relation to the LGIP and the Certificate of Deposit Investment report, and recommend the Board of Directors review the information presented.

Staff will prepare recommendation for Finance Committee meeting in September to address changes in investment policy and portfolio so committee observations and comments to staff are appreciated.

**Attachment:**

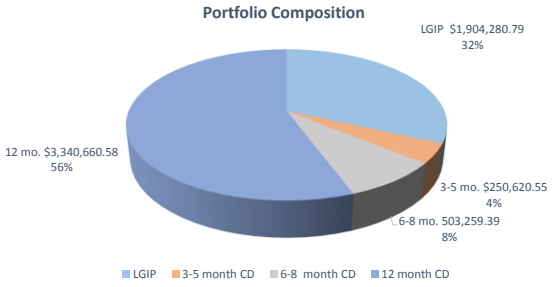
- NCRTD Investment Report as of June 30, 2015

***North Central Regional Transit District***
***Certificate of Deposit Report***
***30-Jun-15***

***Current CD investments***

| | Date opened | Term/ mos | Expiration Date | Rate | Amount invested | Earnings as of 9-30-14 | Earnings/10-1-14 thru 12-31-14 | Earnings 1-1-15 thru 3-31-15 | Earnings 4-1-15 thru 6-30-15 | YTD Total Earnings | Investment Balance 6/30/2015 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 months | | | | | | | | | | | | |
| Los Alamos National Bank | 7/4/2014 | 12 | 7/4/2015 | 0.40% | 250,000.00 | 109.77 | 54.66 | 669.28 | 252.98 | 1,086.69 | 251,086.69 | (1) |
| Los Alamos National Bank | 8/3/2014 | 12 | 8/3/2015 | 0.40% | 250,000.00 | 171.32 | 85.66 | 584.46 | 252.98 | 1,094.42 | 251,094.42 | (1) |
| Los Alamos National Bank | 9/2/2014 | 12 | 9/2/2015 | 0.40% | 250,000.00 | 205.60 | 102.80 | 499.48 | 253.00 | 1,060.88 | 251,060.88 | (1) |
| Los Alamos National Bank | 10/2/2014 | 12 | 10/2/2015 | 0.40% | 250,000.00 | 380.42 | 221.63 | 247.25 | 252.96 | 1,102.26 | 251,102.26 | (1) |
| Los Alamos National Bank | 11/1/2014 | 12 | 11/1/2015 | 0.40% | 250,000.00 | 380.42 | 113.41 | 331.96 | 252.97 | 1,078.76 | 251,078.76 | (1) |
| Los Alamos National Bank | 12/1/2014 | 12 | 12/1/2015 | 0.40% | 250,000.00 | 443.88 | 204.21 | 249.96 | 253.04 | 1,151.09 | 251,151.09 | (1) |
| Los Alamos National Bank | 12/31/2014 | 12 | 12/31/2015 | 0.40% | 250,000.00 | 443.88 | 276.33 | 250.11 | 250.37 | 1,220.69 | 251,220.69 | (1) |
| Los Alamos National Bank | 1/30/2015 | 12 | 1/30/2016 | 0.40% | 250,000.00 | 507.36 | 249.94 | 313.44 | 253.22 | 1,323.96 | 251,323.96 | (1) |
| Washington Federal Bank | 2/27/2015 | 12 | 2/27/2016 | 0.40% | 250,000.00 | 581.50 | 252.76 | 247.51 | 250.52 | 1,332.29 | 251,332.29 | |
| State Employees Credit Union | 2/28/2015 | 12 | 2/28/2016 | **0.55%** | 250,000.00 | 810.74 | 347.70 | 340.72 | 344.86 | 1,844.02 | 251,844.02 | |
| Los Alamos National Bank | 3/6/2015 | 12 | 3/6/2016 | 0.40% | 574,199.00 | 1,165.30 | 574.07 | 726.27 | 575.27 | 3,040.91 | 577,239.91 | (1) |
| | 4/1/2015 | | | | | | | | | | | |
| | 5/1/2015 | | | | | | | | | | - | |
| Los Alamos National Bank | 6/4/2015 | 12 | 6/4/2016 | 0.40% | 250,000.00 | 378.28 | 249.78 | 247.27 | 250.28 | 1,125.61 | 251,125.61 | (1) |
| | **12 Month/Total** | | ***Average rate*** | **0.41%** | **$ 3,324,199.00** | **5,578.47** | **2,732.95** | **4,707.71** | **3,442.45** | **$ 16,461.58** | **$ 3,340,660.58** | |
| 6-8 months | | | | | | | | | | | | |
| Guadalupe CU | 4/28/2015 | 7 | 11/29/2015 | **0.45%** | 250,000.00 | 654.12 | 197.81 | 278.43 | 284.93 | 1,415.29 | 251,415.29 | |
| US Eagle FCU | 2/20/2015 | 6 | 8/21/2015 | **0.45%** | 250,000.00 | 1,002.87 | 284.86 | 273.98 | 282.39 | 1,844.10 | 251,844.10 | |
| | **6-8 Month/Total** | | ***Average rate*** | **0.45%** | **500,000.00** | **1,656.99** | **482.67** | **552.41** | **567.32** | **3,259.39** | **503,259.39** | |
| 3-5 months | | | | | | | | | | | | |
| Bank of New Mexico | 5/21/2015 | 3 | 8/21/2015 | 0.15% | 250,000.00 | 248.04 | 94.63 | 186.27 | 91.61 | 620.55 | 250,620.55 | |
| | **3-5 Month/Total** | | ***Average rate*** | **0.15%** | **250,000.00** | **248.04** | **94.63** | **186.27** | **91.61** | **620.55** | **250,620.55** | |
| | | | | | | | | | | | - | |
| | | | Short term Investment | | **4,074,199.00** | **7,483.50** | **3,310.25** | **5,446.39** | **4,101.38** | **20,341.52** | **4,094,540.52** | |
| | | | LGIP | 0.12% | 1,901,293.00 | 1,167.18 | 594.74 | 649.85 | 576.02 | 2,987.79 | 1,904,280.79 | |
| | | | | | ***$ 5,975,492.00*** | **8,650.68** | **3,904.99** | **6,096.24** | **4,677.40** | **23,329.31** | **5,998,821.31** | |

(1) CDs converted to 12 months.

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| **Total** | **$ 5,998,821.31** | **23,329.31** | |

| | | |
|---|---|---|
| Average Rate of Return | | 0.31% |
| Current Quarterly Earnings April-June 2015 | | 4,677.40 |
| Fiscal YTD Earnings | | 23,329.31 |
| **+ Investment** | | **$ 5,998,821.31** |

# Memorandum

**To:** Finance Committee
**From:** Troy Bingham, Finance Director
**Thru:** Anthony J. Mortillaro, Executive Director
**Date:** August 28, 2015
**Re:** **Revise Inventory/Capital Asset Policy**

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**Background:**

The NCRTD created an Inventory/Fixed Asset Policy and Procedure in December 2012 to provide guidance on treatment of commodities owned by the District and reported on the Financial Statements. Finance upon starting the year end procedures for closing the financial statements noticed minor inconsistency with prior accounting entries and the policy that guided those actions. Also, implementation of new Governmental Accounting Standards in the past 10 years have clarified the approach of governments on the treatment of intangible assets that would conflict with the exist policy. Proposed minor changes to the current policy would provide guidance for FY2015 yearend procedures and future review of the complete policy would be recommended by staff when time permits.

**Recommendation:**

It is recommended that the Finance Sub-committee review and discuss the proposed Inventory and Capital asset policy and procedures updates and consider an affirmative recommendation to the Board to adopt the Inventory/Capital Asset policies and procedures as amended.

**Attachments:**

- Redlined Inventory & Capital Assets Policy and Procedures

# NORTH CENTRAL REGIONAL TRANSIT DISTRICT

| | |
|---|---|
| **SUBJECT**: Inventory & ~~Fixed~~Capital Asset Policy & Procedures | **NUMBER**: FIN-05 |
| **EFFECTIVE DATE**:<br>~~December 7, 2012~~September 4, 2015 | Adopted by Board Resolution<br>~~No. 2012-28 on December 7, 2012~~ |
| AMENDS/SUPERSEDES:<br>December 7, 2012 | **APPROVED**:<br><br>ANTHONY J. MORTILLARO, EXECUTIVE DIRECTOR |

**1.0 Objective**: The objective is to establish standards for the accounting for and the controlling of the ~~fixed~~capital assets acquired and owned by NCRTD. To accomplish this, subsequent sections of this rule describe the procedures for the acquisition of ~~fixed~~capital assets, the methods for assigning values to acquired assets (valuation), the methods of depreciating ~~fixed~~capital assets whether required or optional, the establishment of internal controls on ~~fixed~~capital assets, the procedures for conducting the annual inventory of ~~fixed~~capital assets, and the allowable methods for the disposition of ~~fixed~~capital assets.

**2.0 Coverage:**

This policy applies to all employees of the NCRTD. The NCRTD Finance Department is responsible for the implementation of this policy and procedures. All managers and supervisors are responsible for knowing, understanding and adhering to the provisions of this policy as applicable to their operations.

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**3.0 Inventory Criteria for Tangible Personal Property**

**A. Current and accurate inventory records shall be maintained for the following:**

1. Tangible Personal Property-$5,000 or more per item including improvements and renovations; or if donated, a fair market value at the time of donation of $5,000 per item. Tangible personal property intentionally acquired for resale or used in NCRTD activities as supplies are excluded.
2. Licensed vehicles and rolling stock regardless of cost or donated market value at the time of donation.
3. Sensitive property with an individual cost or fair market value at the time of donation of $1000 or more per item.
4. Computer components with an individual cost of $500 or more per item.
5. Leased property totaling $5,000 or more throughout the life of the lease.

**B. Tangible Personal Property Composed of Internal Parts**

**1.** Assets that have internal parts that are necessary to the functioning of the asset are not required to be separately inventoried, and can be considered to be all one asset (inventory record) provided all of the following apply:

a) The internal parts are acquired to place the asset into service and function is required;
b) The life and utility of the internal parts are mainly independent on that of the asset, even if the acquired dates and vendors are different for each item;
c) The cost of each part is included in the aggregate total of the inventory record;
d) The internal parts are included in the description of the inventory record.

**2.** Should a Department acquire and install an internal part for an asset with an acquisition cost, of at least $500, after it has been placed into service and is functioning as intended, then any subsequent internal parts are considered as separate components and are inventoried separately as a component record. The same asset identification number (ID) is to be used as the original asset, except a suffix is to be added to the ID number that is unique only to the component.

## 4.0 Inventory Criteria for Real Property

**A.** Current and accurate inventory records shall be maintained for the following.

1. Land, regardless of cost
2. Buildings and land improvements with an actual or estimated cost, or if donated, a market value of $5,000 or more per item.
3. Real property intentionally acquired through a lease at an insignificant cost and solely as a legal mechanism to disburse bond monies is excluded.
4. Improvements and renovations to an existing building with an actual or estimated cost, or if donated a market value of more than $100,000 per building component.
5. Leased property totaling $5,000 or more throughout the life of the lease.

**B.** The Finance Department will keep a record of infrastructure.

## 5.0 Use of Property

**A.** Items acquired should be used for the departments business only. Additional requirement apply if items were purchased with federal grant money. Refer to the Federal Transit Administration (FTA).

## 6.0 Annual Physical Inventories

**A.** It is the NCRTD policy to complete timely physical inventories for all assets on an annual basis to ensure the accuracy and reliability of the inventory. Physical inventories should be completed in accordance with the frequency and dates prescribed by the Finance Department.

## 7.0 Inventory Valuation Basis

**A.** ~~Fixed~~Capital assets, including leased items, are entered in the inventory at the cost arrived at after deducting trade discounts and without considering any trade-ins.

**B.** Parts, supplies and materials are valued on the weighted average basis. Each time such items are purchased at a price different from the average price of the quantity remaining on hand, a new average cost must be computed.

## 8.0 Disposal of Excess/Obsolete Inventory

**A.** Use the most practical and cost effective method of disposal. The Requirements set forth in NMSA 1978 Chapter 13-6-1 and NCRTD Resolution 2012-25, must be followed when disposing of ~~fixed~~capital assets and inventory.

**B.** When disposing of property acquired through the use of federal funds, additional steps are required. Please refer to the Federal Transit Authority.

**C.** Excess computer-related equipment/software should be offered to other departments, within the NCRTD first.

**D.** Inter-department Transfers

**1.** Managers should ensure excess items are no longer needed before transferring to another department.

**2.** A ~~fixed~~capital asset transfer form must be completed and forwarded to the Finance Department .

**E.** Public Auction/Public sale

**1.** Items not otherwise disposed of through other means should be sold at public auction or public sale, as provided by NMSA 13-6-1.

**F.** On-site Disposal

**1.** The on-site destruction method of disposal of property is applicable to obsolete inventory either damaged beyond repair or where it is otherwise not fiscally feasible to dispose of via any other method. In the situation where items are disposed of on site, the following steps must take place:

**a.** Items should be damaged beyond repair before being disposed.

**b.** An impartial individual should witness the destruction and sign appropriate documentation stating they witnessed the item was destroyed beyond repair.

**c.** All documentation related to such destruction should be maintained on site for a minimum of three years.

**9.0 Stolen/Missing Property**

**A.** All NCRTD personnel involved in or responsible for any task of maintaining NCRTD property inventories, including a physical inventory, shall notify the department supervisor of any tangible property shown on the current active property report, but cannot be found and/or is suspected of being stolen.

**B.** A reasonable amount of effort should be made by the department supervisor to determine the whereabouts of the missing items or the reason(s) for their disappearance prior to taking further action.

**C.** The notified department supervisor shall review the reported inventory exceptions and, if necessary, will contact the local police requesting an investigation/report. As a guide, the local police should be contacted if the total dollar value of the missing property is in excess of $300. This dollar amount is being provided as a guide only, if the department supervisor feels there is a need to contact the local police; they may do so regardless of the dollar value of the missing items; or the notice a repeated behavior or pattern of missing items.

**10.0~~10.0~~ Capitalization of ~~Fixed~~ Capital Assets**

**A.** ~~**A.**~~ The capitalized cost of a capital asset should include all taxes, fees, permit cost, shipping, and installation. Donated assets will be recognized at Fair Market Value at time of acquisition.

**B.** Repair and replacement type activities should not be recognized as capital assets unless removal of asset value is possible and reflects a significant increase in the useful life of the resulting asset from the initial asset effected.

**C.** In accordance with Governmental Accounting Standards Board Statement 51 (GASB 51), the District will recognize intangible assets as clarified. Computer software is considered an intangible asset since it represents competitive advantages developed or acquired by an organization.

~~Computer software is considered an intangible asset since it represents competitive advantages developed or acquired by an organization. Therefore, computer software does not meet the NCRTD's capitalization of fixed asset criteria.~~

~~**B.**~~

**D.** P~~Modular furniture (p~~arts requiring assembly with other parts~~)~~ do~~es~~ not meet the NCRTD's capitalization of capital ~~fixed~~ assets criteria; only individual ~~fixed~~a~~ssets~~ (quantities of one that exceed $5,000) are reflected in the official financial statements of the District~~recorded~~. Every effort will be made to recognize assets individually to reflect accurate useful lives and depreciation.

**11.0 Federal Common Rule Authority and the NCRTD's Capital ~~Fixed~~ Asset Accounting Policies**

**A.** Departments are responsible for adhering to these policies. They are applicable when NCRTD property meets the criteria of a capital~~fixed~~ asset as established and defined by the Finance Department.

**B.** Each department is responsible for adhering to the Federal Common Rule Section 32 and FTA, related to equipment obtained through Federal Grants and FTA.

**Training:**

There is no training mandated for the implementation of this policy or the statutes identified as the authority for this function.

**Definitions:**

Equipment: Rolling stock, office equipment, computers, cameras, garage equipment, tools or any other item used to conduct NCRTD business.

1. "Betterment" means a replacement or major renovation of an existing asset or unit of an existing asset by an improved or superior asset or unit, the effect of which is to improve the efficiency of the primary asset or lengthen the remaining service life.
2. "Component" means a separately identifiable part of an asset that is more meaningfully defined as an aggregate assembly.
3. "Depreciation" means the method applied to allocating the cost of a ~~fixed~~capital asset over the duration of its useful life.
4. "~~Fixed~~Capital Asset" means any property or equipment that has an initial value to NCRTD, whether in cash or trade value, of more than five thousand dollars ($5,000). It is not acquired for subsequent sale or consumption but for utilization in the course of a department's normal operations in producing and distributing goods or rendered services. The asset is expected to be used or held beyond the fiscal year in which it was acquired with being consumed by its use. ~~Fixed~~Capital assets include those assets

constructed by department personnel. This $5,000 threshold for capitalization is a minimum and does not preclude departments from controlling assets of lesser value through their ~~fixed~~capital systems when such control is desirable or appropriate.

5. "~~Fixed~~Capital Asset Coordinator" means an individual within a department or a section of a department who is responsible for controlling and accounting for the ~~fixed~~capital assets in the custody and use of the department or section.
6. "General ~~fixed~~capital assets" means those assets acquired by governmental funds, and not accounted for directly in the real accounts of such funds.
7. "General ~~fixed~~capital asset account group" means those accounts used to record and track ~~fixed~~capital assets acquired by "governmental funds." These "funds" include the Gross Receipts Tax fund, the Federal grants fund, and the capital project fund. Assets are recorded in these accounts, along with any betterments, impairments or depreciation. Assets are carried in this account group to recognize that they are not a component of fund balance available for appropriation.
8. "Object code" means the expenditure accounting code that indicates the category of benefits for which money was spent.
9. "Physical inventory" means the process of verifying that ~~fixed~~capital assets owned by NCRTD, are present in their assigned custody and location, and evaluating their condition.
10. "Proprietary funds" means those funds used to account for the provision of services by a government entity to other government entities or to the public. The financial objective of such funds is to recover through user charges to full cost (including depreciation) of operations.
11. "Tag" means any label or marking that is permanently affixed to a ~~fixed~~capital asset, including indelible ink or dyes, numbers physically stamped into the ~~fixed~~capital asset, adhesive labels or barcodes, and metal tags.

Inventory Label: a self-adhesive tag or comparable electronic medium device used to safeguard and identify inventoried tangible personal property with a department unique serialized asset ID number by affixing it to an asset.

Lease ~~Fixed~~Capital Assets: a lease is an agreement between two parties in which the NCRTD makes periodic payments to another party for the right to use the property for a stated period of time. The item is considered a 'capital lease' and should be included in the ~~fixed~~capital asset system if the lease meets at least one of the four criteria listed below:

1. Lease transfers ownership to the NCRTD during or at the end of the lease term.
2. Lease contains a bargain purchase option which is a provision to buy the property at a very favorable price.
3. Lease term is equal to or greater than 75% of the estimated economic life of the leased property. (Not applicable if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property.)
4. Present value of the minimum lease payment equals or exceeds 90% of the fair market value of the leased property. Minimum lease payments generally equal the property rental payments excluding executor costs such

as maintenance and insurance.

Licensed Vehicles: all NCRTD vehicles, including renovations and improvements, having a useful life of more than one year, including trailers whether self-propelled or not, that are capable of being licensed through the Motor Vehicle Division, and can be used for over-the-road transportation.

Obsolete Items: Equipment or supplies that are worn out or no longer needed because they are outdated and can no longer be used anywhere within NCRTD.

Property: assets that are owned, subject to ownership, or in effect are owned by the NCRTD. Assets subject to ownership or in effect are owned by the NCRTD would include items being acquired by lease purchase, where the lease purchase contract transfers ownership of property to the NCRTD during or at the end of the lease term. Additionally, assets that are acquired by a capital lease are included where the lease meets one of the four criteria used for determining if a lease is a capital lease.

Real Property: Land and whatever is erected or affixed to land, excluding infrastructure. Major classifications of real property are land, land improvements and buildings. Land improvements include, but are not limited to landscape, sidewalks, parking lots, shelters, storm sewers, towers, storage tanks, etc. Buildings include, but are not limited to, improvements and renovations.

Sensitive Property: Tangible personal property that is highly popular and vulnerable to theft. This includes, but is not limited to, internal components. See Appendix 1.

Supplies: Items consumed or expended when used in the operation of NCRTD activities, or acquired for resale, or have a useful life of less than one year.

Tangible Personal Property: all property that has a real existence (physical) and a useful life of one year or more, excluding real property and intangible personal property, such as software and copyrights. Tangible personal property includes, but is not limited to, equipment, machinery, tools, furniture, office furniture and non-licensed vehicles including renovations and improvements. Tangible personal property is considered real property (building fixtures) when permanently attached and made part of a building in such a way that removal alters the intended use of the facility or site. Thus, it becomes subject to the real property inventory reporting threshold.

## APPENDIX 1

### North Central Regional Transit District Sensitivity List

Each Department is required to inventory the sensitive property included on this list. The list should not be considered as all inclusive, but is intended to be used as a guide. There may be other items in the general classifications not listed which are subject to the $100 sensitivity threshold.

AUDIO VISUAL EQUIPMENT (example: televisions, VCRs, overhead projector/ camcorder, cameras)

COMMUNICATION EQUIPMENT (example: mobile radio/walkie-talkie/scanners, cellular phones)

GARAGE TOOLS (example: photo volt meters, battery chargers/testers, jack (10-12 ton), Pellet, show shovel plows, trash cans, air compressors, tire balancer, tool boxes, dolly, step ladders, pressure washers)

HAND TOOLS (example: drills, sanders, grinders, circular saws, chain saws, small electronic hand tools, etc.)

MISCELLANEOUS OFFICE EQUIPMENT (example: microwaves, refrigerators, air conditioners, dishwashers, small household appliances, etc.)

OFFICE EQUIPMENT (example: calculators, electric staplers, digital telephones, electronic binder machines, laminators, etc.)

OFFICE MACHINES (example: computers, printers-computer connected/pc related, facsimile machines)

I. Inventory records for licensed vehicles should be maintained via the Finance Department.

II. All tangible personal property required to be inventoried by this policy shall each be affixed with at least one inventory label, except where the following items or conditions apply:
   a. Licensed/owned vehicles;
   b. Internal components of an original asset;
   c. Items not having an appropriate outside surface area or other physical configuration to allow placement of an inventory label;
   d. Assets subject to environmental conditions not allowing the inventory label to remain affixed to the items throughout their useful life;
   e. Modular furniture that requires attachment to other modular furniture in order to perform its intended function;
   f. Antiques and/or museum items

III. Inventory numbers, once assigned, shall not be transferred from one asset to another or altered in any way.

IV. In order to facilitate the property identification and physical inventories the following apply to inventory labels and/or security labels: (See GUIDELINES FOR THE PLACEMENT OF INVENTORY LABELS)

V. Inventory Record Activity
   a. Transactions related to ~~fixed~~capital assets and supply inventories shall be recorded on the appropriate inventory form and inventory system.
   b. Physical inventories shall be reported on the inventory form. Each Department shall complete and sign an inventory form upon the completion of the physical inventory for the respective inventory types. All forms shall be signed by the department Manager & Supervisor and submitted to the Finance Department.
   c. The physical inventory does not relieve staff members of the responsibility for making intermittent checks to determine correctness of the inventory.
   d. Maintenance items (signage schedule holders and material related to maintaining bus shelters) need to be maintained regardless of cost. Garage inventory items are defined by the Finance Department.

VI. Suggested Procedures for the Various Methods of Disposal

The NCRTD Disposal form will be completed, the appropriate method indicated, and the inventory ID label attached (if available) and submitted to the Finance Department .

## Guidelines for the Placement of Inventory Labels

Labels should be uniformly located on similar types of property. Recommended placement is prescribed below:

a. Inventory labels should be easily visible with moving the asset;
b. Inventory labels should not impede regular use of the asset;
c. Place inventory labels on the permanent part of the asset;
d. Whenever possible, do not place inventory labels on the bottom, back, or inside drawers of an asset;
e. In executive areas, or areas with furniture. do not deface the décor, or exterior facades;
f. An alternate method of etching, stenciling or painting the inventory number onto the asset can be used instead of an inventory label when a department chooses not affix an inventory label due to items noted in section IV of these procedures;
g. Weather proof paint or weather proof paint markers must be used if painting the inventory number onto the asset.

***Examples of placement on Assets:***

1. Desks, credenzas – affix where easily accessible, on the front, inside, right side of the item.
2. Table, chairs, stools, sofas, etc. – affix where easily accessible, placed vertically on the front, right leg.
3. Files, cabinets, lockers, racks, bookcases, etc. – affix on the right side, the front, top left corner of the item.
4. Office equipment/machines, computer/accessories and audio/visual equipment – affix to a clean, flat surface, on the front right top corner.
5. Power tools, machinery – affix or etch on a place which is easily accessible on clean flat surface.
6. Small had tools – affix or etch onto a clean, flat surface, on a place which is easily accessible.
7. Rolling stock- Label will be affixed on the inside seam of the driver door jam, near VIN number plate.

# Memorandum

**To:** Finance Committee
**From:** Troy Bingham, Finance Director
**Thru:** Anthony J. Mortillaro, Executive Director
**Date:** August 28, 2015
**Re:** **Proposed Changes to the Procurement Card Policy**

---

**Background:**

The current procurement card policy was passed in December 2011 to create a framework of what was acceptable uses. The District has continued to grow and expand and the need to clarify and update the procurement card policy is needed. The procurement card should aid the District's Finance Department by mitigating the number of checks to vendors, by streamlining purchasing of smaller goods and services, and by clarifying travel arrangements for District employees. The Procurement Card Policy should provide Board members with assurance that District funds are wisely spent by staff, and follow the current procurement policies and regulations as defined by the Board.

**Recommendation:**

It is recommended that the Finance Committee discuss and review the information presented in relation to proposed changes in the procurement card policy, and recommend to the Board of Directors a final updated procurement policy.

**Attachment:**

- Red-lined Version of the Procurement Card Policy as proposed from Finance

| NORTH CENTRAL REGIONAL TRANSIT DISTRICT | |
|---|---|
| **SUBJECT**: Procurement Card Policy and Procedure | **NUMBER**: FINANCE - 03 |
| **EFFECTIVE DATE**: ~~December~~ September ~~9~~4, 201~~5~~1 | |
| **AMENDS/SUPERSEDES**: ~~NA~~December 9, 2011 | **APPROVED**:<br><br>ANTHONY J. MORTILLARO, EXECUTIVE DIRECTOR |

1. **Objective**:

The North Central Regional Transit District's (District) Procurement Card Program (also known as the PCard) is established to simplify the District's small purchase procedures by providing a more efficient and cost-effective method for ~~procuring~~ paying for items ~~of tangible personal property (not services)~~. The p~~P~~rocurement card ~~shall not be construed to be either a "charge card" or a "credit card" as those terms are commonly used but rather,~~ is designed to replace the issuance of ~~a purchase order~~checks ~~of up to $1,500~~ and reduce the number of payment vouchers. The procurement card should not be used at vendors that have standing purchase orders but should be used for one-time purchases generally under $1,000. Authorization for purchase of tangible assets over $200 will still need "informal" Executive Director approval by email **prior to purchase** and should include the District's purchasing agent on approval seeking emails as confirmation of such approval. Lack of timely response from the Executive Director is not justification of approval.

2. **Coverage:**

This policy and procedure applies to all staff of the North Central Regional Transit District.

3. **Definitions:**

Procurement Card – Card used to procure ~~**goods only**~~**goods and services of small and infrequent nature** by authorized individuals representing department of the District. When paying for services with the card, user should be cognizant that services over $600 in a year with a single vendor require the District to report to IRS, so users should limit these types of activities on the card. Travel is optimal usage of the card, due to inability to plan purchases and infrequency of repeat business by the District. The card should be used to pay for lodging and rental cars and to purchase airline tickets for

District employees traveling on official District business **only**. Nothing in this policy should be construed as to absolving any requirements of the District's travel policy or allowing per diem covered expenses to be covered as purchase card items.

~~a.~~

~~b. Travel Procurement Card – Card used to **reserve** lodging and rental cars and to purchase airline tickets for District employees traveling on official District business **only**.~~

## 4. References:

a. ~~State of New Mexico Procurement Card Policy and Procedures.~~NCRTD Procurement Regulations, Amended and Adopted by Resolution 2014-23 on December 5, 2014.

~~b. State of New Mexico Per Diem Rule~~Travel and Business Expenses adopted by the Board at the November 4, 2011 meeting and subsequent "Clarifications to the Travel Policy" issued May 5, 2014 by the Executive Director.

~~c. Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, as amended~~

~~d. State Personnel Office Rule 1 NMAC 7.11.10.2~~

## 5. Policy:

a. The Procurement Card shall be used in conformity with ~~State of New Mexico Procurement Card Policy and Procedure and the State Procurement Code~~NCRTD Procurement Regulations. ~~"Best Value" selection criteria must be used when making a purchase with the Procurement Card.~~

b. Procurement Cards will be issued only to District employees who are authorized by their supervisors and Executive Director to use the Procurement Card~~/Travel Procurement Card~~.

c. Executive Director and/or Financ~~ial Manager~~ Director will set monthly spending limits for each cardholder based on need.

d. Executive Director and/or Financ~~ial~~ Director~~Manager~~ will select a Procurement Card Administrator for the District.

e. Authorized cardholders must sign a cardholder's agreement~~ and attend training on the use of the Procurement Card before they are issued a card~~.

f. The Procurement Card is to be used for legitimate District business purposes only. ~~The Procurement Card may not be used for travel, registration fees, and other restricted categories of goods and services. Refer to Section 6~~.

g. The Procurement Card is to be treated with the same level of care as one's own personal credit cards. Cardholders should exercise care for the secure custody of the Procurement Card.

~~h. Only the person whose name appears on the Procurement Card is permitted to use the card.~~

~~i.~~h. The District will pay all authorized charges against the card, in full, at the end of each month.

j.i. The ~~District's Procurement Card Administrator(s)~~departments are responsible for verifying budget prior~~and~~ authorizing purchase. **Departmental b~~B~~udget must not be overspent**.

k.j. The entire balance must be paid by the due date on the monthly billing statement regardless of credits or disputes with vendor and Bank of America.

l.k. **Original receipts** must be kept for payment purposes by the Procurement Cardholder.

m.l. An affidavit for lost purchase receipts/credit memo form must be turned-in and signed by the Executive Director and/or Finance Director. Continued loss of receipts may result in suspension of the Procurement Card.

n.m. Lost or stolen cards must be reported to the District Procurement Card Administrator immediately and to Bank of America within 24 hours.

o.n. Procurement Card may be used for **emergency procurements** to make eligible purchases ~~under a declared emergency if both the procedures in the Procurement Code Regulations, State of NM policies and procedures and these policies have been followed~~per NCRTD Purchasing Regulations Article III Section 14.

p.o. Misuse of the Procurement Card may subject cardholders to disciplinary action and could result in immediate dismissal, pursuant to Personnel Policy 4.30~~3~~ E (1~~2~~ thru 4) and other sections as applicable.

q.p. The Cardholder is liable for charges incurred using the Procurement Card if the charge is determined to be in violation of District policy and/or state statutes~~, the State of New Mexico Procurement Code~~ and these policies and procedures or if the charge is for an ineligible purchase. Cardholder's privileges are a management prerogative that may be cancelled, restricted or revoked at any time without cause by District Management. The cardholder will comply with all District policies, state policies and procedures, state contracts and price agreements and all other applicable financial and accounting laws, rules, policies, procedures including DFA Rule 95-1 Regulations Governing the Per Diem and Mileage Act Section 10-8-1 through 10-8-8, NMSA 1978

## ~~6. Travel Procurement Card Policy:~~

~~a. The Procurement Card assigned for travel shall be used by the Travel Coordinator to **reserve** lodging and rental cars, and **purchase** airline tickets for District employees traveling on official District business **only**.~~

~~b. The cardholder must comply with all other procedures set forth in this policy and procedure.~~

~~c. Use of the Procurement Card for travel is restricted to the following:~~

~~i. To secure and guarantee room reservations (not for payment)~~

~~ii. To secure and guarantee car rental reservation (not for payment)~~

~~iii. To purchase airline tickets with may include fare, applicable taxes and reissuing fees only.~~

~~iv. The Procurement Card for travel shall be used for the above purposes only. Conference or Seminar registration fees are not a valid use of the travel procurement card.~~

## ~~7.~~6. Procedure:

### A. Cardholder Shall

~~1) Obtain supervisor's approval to make a purchase (purchase requisition) – attached to this must be bids, price agreement, memo on emergency or sole source purchase. There must be documentation attached for back-up on the purchase.~~

1) C~~ontact the Procurement Card Administrator to c~~heck budget availability prior to making a purchase.

~~2)~~

~~3)~~2) Obtain Tax-exempt certificate from ~~District Procurement Card Administrator~~Finance prior to making a purchase (District is exempt from paying taxes on goods, but is required to pay all Transit Occupancy Taxes when traveling, and Gross Receipt Taxes for services).

~~4)~~3) Purchase needed items from a participating vendor (vendors who accept Visa credit cards) with the procurement card. Obtain a purchase receipt from the vendor. If purchase is made through Web site or telephone, record confirmation number and any documentation reflecting the amount of the purchase. If applicable print screen from Web site to provide confirmation number and total cost of order.

~~5)~~4) ~~Send purchase request,~~Gather original receipt a~~nd~~ backup documentation to for the Department monthly statement. On the 5th day of every month (or following business day) forward the monthly statement with all receipts or affidavits to the PCard Administrator ~~as soon as possible~~.

~~6)~~5) Obtain credit memos (not cash) for items that are returned. If a credit memo is obtained it must be forwarded to PCard Administrator ~~immediately as well~~with your monthly departmental statement.

~~7)~~6) Prepare an affidavit for lost purchase receipt/credit memo ~~form~~ and acquire Executive Director and/or Finance Directors signature for lost receipt(s).

~~8)~~7) Report to the District Procurement Card Administrator any disputed purchases.

~~9)~~8) Upon termination of employment with the District the cardholder will turn-in Procurement Card, purchase receipts, credit memos and affidavit for lost purchase receipt/credit memo to District Procurement Card Administrator.

### B. Procurement Card Administrator Shall

1) ~~Distribute procurement cards received from the Financial Manager to cardholders.~~

2) ~~**Check budget availability** before approving procurement card purchases. **Budget must not be overspent**. Issue tax-exempt certificates upon request.~~

~~3) Maintain Procurement Card Purchases Approval Log.~~

2) Retrieve electronic reports on Cardholder expenditures from Bank of America ~~EAGLS (web based software)~~ and distribute them to Procurement Card ~~Administrators~~holders as requested.

~~4)~~3) Reconcile the department statements to ~~cardholder's purchase transactions to the administrator's Procurement Card Purchases Approval Log to confirm that purchases were authorized~~Districts statement to insure all transactions have been accounted for payment each month.

5)4) Submit the approved ~~Procurement Card Payment Authorization Forms and~~ supporting billing statements, purchase receipts, credit memos and affidavit for lost purchase receipt/credit memos to ~~finance~~ the Finance Departments A/P~~section~~ person for timely payment to Bank of America. ~~Must be sent to Financial Manger weekly.~~

6)5) Report unauthorized purchases and procurement code violations to the employee's supervisor, Finance~~ial~~ Director~~Manager~~ and Executive Director.

7)6) Work with the Finance~~ial~~ Director~~Manager~~, Bank of America and vendor to resolve disputed purchases.

8)7) Report lost or stolen Procurement Cards to the Finance~~ial~~ Director~~Manager~~.

~~9)1) Recover the Procurement Card from the Cardholder within 24 hours of employee's last day of employment.~~

~~C. Travel Coordinator Shall~~

~~1) Have on file a completed Travel Request Form approved by Executive Director.~~

~~2) Request copies of any agendas or itineraries from the staff travelling.~~

~~D.~~C. **District Procurement Card Administrator ~~(Financial Manager)~~**

~~Recover the Procurement Card from the Cardholder within 24 hours of employee's last day of employment.~~

1) Distribute procurement cards received to cardholders. Recover the Procurement Card from the Cardholder within 24 hours of employee's last day of employment.

~~1)~~2) Act as the District's liaison between Bank of America and ~~District~~ procurement card administrator~~s~~.

~~2)~~3) Develop, implement and maintain the District's Procurement Card Policies and Procedures.

~~3) Train cardholders, supervisor and Procurement Card Administrators.~~

4) Order Procurement cards from Bank of America.

~~5) Distribute to procurement card administrator's blank procurement card agreements, procurement cards, procurement card payment authorization forms, and procurement card approval logs.~~

~~6)~~5) Maintain files of all approved procurement card agreements

~~7)1) Retrieve electronic reports on Cardholder expenditures from Bank of America EAGLS (web-based software) and distribute them to Procurement Card Administrators as requested.~~

~~8)~~6) Establish and notify Procurement Card Administrator~~s~~ of changes in monthly cut off dates for the timely payment of purchases.

~~9)~~7) Report lost or stolen cards to Bank of America immediately.

8) Conduct periodic compliance reviews. Areas of compliance that will be tested include compliance with Procurement Card Policies and Procedures, District Purchasing Regulations~~State Procurement Code~~; sales and use tax charges.

~~10)~~9) Monitor and report to management the level of card use and its impact

~~11)~~10) Document any misuse of Procurement Card and work together with the Cardholders Supervisor, ~~and~~ Executive Director, and Finance Director to:

a. Seek full restitution from the Cardholder ~~plus interest at the rate of 18% per annum from the date of the transaction~~.

~~b. Follow District disciplinary procedures, up to an including termination.~~

~~c.~~b. Inform Bank of America, in writing within 24 hours.

~~d.~~ Remove the card from Cardholder's possession when directed by management.

# Memorandum

**To:** Finance Committee
**From:** Troy Bingham, Finance Director
**Thru:** Anthony J. Mortillaro, Executive Director
**Date:** August 28, 2015
**Re:** **Proposed Budget Amendment for the September 4th Board Meeting**

---

**Background:**

Staff is seeking a Budget Amendment to Increase/Adjust the FY2016 Budget from the 5311 Federal Funding for Taos, Cash Reserves and State Capital Outlay Funds for the following (4) items:

1. Taos Chile Line Budget Request

A request to amend the FY2016 budget and incorporate additional revenues of $40,836 from the 5311 federal funding related to the Town of Taos unspent in FY2015. The Town of Taos received $350,269 for 5311 federal transit in FY2015 and only spent $221,866 by June 30, 2015. NCRTD projected that the town would spend $262,702, so only budgeted $87,567 for the first 3 months of FY2016. Since the town only spent $221,866 by June 30, 2015 there is an additional $40,836 available for NCRTD over the next 3 months (if NMDOT) approves the budget adjustment.

It is anticipated that there will be the following needs in Taos for administration and operations:

| | |
|---|---|
| INCREASE REVENUE | |
| 5311 Federal Transit Funds (Taos) | $40,836 |
| | |
| INCREASE EXPENSE | |
| Administration | |
| Survey (Chile Line Bus Facility) | $ 5,000 |
| Increased Legal Fees associated with property acquisition | $15,580 |
| Environmental Phase I/II | $ 5,000 |
| | $25,580 |
| Operations | |
| Mobile Data Connections to Taos Chile Line Buses (Verizon) | $15,256 |
| | ======== |
| Total Expenses Administration & Operations | $40,836 |

2. Appropriation of State Capital Outlay-2015

A request to amend the FY2016 capital budget to reflect the state's capital outlay bill that was passed June 17, 2015. The state's capital outlay bill provided $117,000 in local matching funds for bus acquisitions in FY2016. The District's final budget reflected fund balance as the source of local matching funds due to the late timing of the bill in the State budget process. At this time, staff is recommending that the $117,000 in fund balance remain in the capital budget for unforeseen capital needs in FY2016.

| | |
|---|---|
| INCREASE REVENUE | |
| Capital Appropriation from Senate Bill #1 Approved June 17, 2015 | $117,000 |
| | |
| INCREASE EXPENSE | |
| Local Match for 5310 and 5311 (8) Passenger Buses | $117,000 |
| | |
| TRANSFER EXPENSE | |
| Local Match for 5310 and 5311 (8) Passenger Buses | ($117,000) |
| Expansion of Silky Way Driveway Access | $ 11,000 |
| Furniture and Fixtures Associated with New Office Space/Remodel | $ 5,000 |
| Maintenance Vehicle/Plow for Taos Operations Facility | $ 62,000 |
| 2015 Demo Transit Van for On Demand Service | $ 39,000 |
| | -0- |

3. 5311(c) Tribal Transit Funding Carryforward for the Pueblo of Santa Clara and Pueblo de San Idlefonso

In FY2015 the Pueblo of Santa Clara had $210,303 in excess budget and the Pueblo de San Idlefonso had $6,905 in excess budget. In the FY2016 Budget this carry forward was estimated at $35,809, so additional authorization is needed to fully utilize the grants in FY2016. These funds are 100% reimbursable so staff is request that those excess budgets carry forward into FY2016 and appropriated toward administrative and capital costs for these 2 specific service routes.

| | |
|---|---|
| INCREASE REVENUE | |
| 5311(c) Federal Transit Funds | $ 181,399 |
| | |
| INCREASE EXPENSE | |
| Administrative and Capital Cost | $ 181,399 |

4. Capital Bus Funding Carryforward for (7) Buses ordered in FY2015, but will be received FY2016

In FY2015 capital plan initially identified five (5) bus replacements and Resolution 2015-05 added an additional two (2) buses in February 2015. The funding sources of these seven (7) buses were identified from the following sources and amounts:

| | |
|---|---|
| 5309 Federal Funds (State of Good Repair) | $202,460.10 |
| 5311 Federal Transit Funds | $240,000.00 |
| State Capital Outlay 2014 | $184,312.00 |
| Use of Fund Balance | $127,129.90 |
| | $753,902.00 |

| | |
|---|---|
| INCREASE REVENUE | |
| Carryover FY2015 Capital Funds | $ 753,902 |
| | |
| INCREASE EXPENSE | |
| Carryover FY2015 Capital Funds | $ 753,902 |

**Recommendation:**

It is recommended that the Finance Committee discuss and review the information recommend to the Board of Directors a final budget amendment to increase NCRTD's budget for all four (4) projects by $1,093,137.

**Attachment: NA**

# Finance Subcommittee

# Meeting July 24, 2015

# 9:00 a.m.

**Board Members Present (Telephonically):** *Tim Vigil – Pueblo of Pojoaque, Councilor Pete Sheehey – Los Alamos County, Leandro Cordova - Taos County, Commissioner Alex Naranjo - Rio Arriba County, Commissioner Miguel Chavez – Santa Fe County*

**Staff Present–:** *Troy Bingham – Finance Director, Dalene Lucero – Executive Assistant*

**Guest(s) Present***:*

**Absent:** *Anthony Mortillaro Executive Director*

*Transcribed By: Dalene E. Lucero – Executive Assistant*

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## ROLL CALL

Ms. Lucero called the Roll as directed.

## APPROVAL OF AGENDA

**Councilor Sheehey made a motion to approve the agenda as presented. Commissioner Naranjo seconded the motion and it passed by unanimous voice vote (5-0).**

## CALL TO ORDER

A regular Finance Subcommittee meeting was called to order on the above date by Mr. Vigil at 8:58 a.m.

## ITEMS FOR DISCUSSION/RECOMMENDATION

### A. Discussion and Review of the NCRTD Quarterly Investment Report

Mr. Bingham went over the Quarterly Investment Report from March 31, 2015. He noted that they were a little behind on the quarterly reports due to his arrival in April. However, the Finance Subcommittee would be seeing them on the agenda for the next couple of meetings; the subcommittee will be reviewing the Quarterly Investment Report for June 2015 at the August Subcommittee Meeting.

Mr. Bingham stated that as of March 31, 2015 the total investment, inclusive of interest revenue was $5,994,144. He noted that this was outside of the District's checking account used to pay for monthly payroll and bills; this money is set aside specifically in line with the District's Investment Policy that focuses on liquidity and security. Most of the investments are in CDS, but the largest portion is with the LGIP, otherwise known as the Local Government Investment Pool. The LGIP currently has $1,903,704.77 and is earning at a rate of 12 percent. At the start the District was only investing in CDs that ranged from 3-12 months. Over the last year, NCRTD renewed 8 of its Certificate of Deposits with Los Alamos National Bank and extended the agreements to 12 months. This was in order to mitigate the amount of work it takes

to roll over and renew CDs. Given this strategy, NCRTD has determined the market yields are being achieved by comparing the average District portfolio yield to the one-year U.S. Treasury Bill. As of March 31, 2015 the one-year treasury rates were .27%, the District is averaging a rate of return at .32%.

Mr. Bingham moved on and asked if there were any questions, comments or suggestions from the Subcommittee members.

Commissioner Chavez stated that although he was unable to review the packet, he is trusting Staff and the policy that has been set thus far to give further direction in terms of the District's short and long-term investments. He noted that he did not have any suggestions at this time because things seemed to be working out well, inclusive of the LGIP.

Commissioner Chavez noted that perhaps the Subcommittee should look at the Investments along with the District's Policy to see if it is necessary to change course; that was the only suggestion at this time.

Mr. Vigil stated that the Finance Subcommittee, along with the Board, opted for a conservative approach in regards to the District's investment strategy. He mentioned that Tony and Troy have done an excellent job in doing that.

Councilor Sheehey stated that he agreed because it is very hard to get a return on investment. He continued, stating that the District has done a great job in getting a little bit more interest through CDs than the LGIP. The only issue is the District may need to plan for any emergency expenses, such as a capital improvement bill that may come up, by which the CDs may need to be structured differently.

There were no further comments.

**Commissioner Naranjo made a motion to recommend the report to the Board of Directors. Mr. Cordova seconded the motion and it passed by unanimous voice vote (5-0).**

**B. Minutes from May 22, 2015**

**Councilor Sheehey made a motion to approve the minutes from May 22, 2015. Mr. Vigil seconded the motion and it passed by unanimous voice vote (4-0).**

**MATTERS FROM THE SUBCOMMITTEE**

**ADJOURN**

The Finance Subcommittee meeting was adjourned at 9:11 a.m.

**The next Finance Subcommittee meeting will be held on August 21, 2015 at 9:00 a.m.**